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MAYOR DE BLASIO RELEASES FY2016 NOVEMBER FINANCIAL PLAN UPDATE

Budget continues to protect City's long-term fiscal health through historic reserves, low out-year gaps

NEW YORK—Mayor Bill de Blasio today released the City's Fiscal Year 2016 November Financial Plan Update. The updated financial plan continues to reflect core administration priorities while protecting the city's long-term fiscal health.

"The November Financial Plan reinforces the strong budgetary foundation this administration has prioritized," said **Mayor de Blasio**. "We continue to be realistic about the risks ahead, with targeted investments and strengthened reserves to protect taxpayers, and programs that will lift up families across the five boroughs."

The November Financial Plan Update includes the historic reserves and low out-year gaps established in the FY2016 Adopted Budget in June 2015. City spending has largely remained flat since the budget was adopted. While the overall budget has increased from $78,528 billion to $79,931 billion, it is almost entirely the result of new federal grants for Hurricane Sandy recovery and resiliency and homeland security.

Since the Adopted Budget this June, independent rating agencies and monitors have continued to affirm the City's prudent budgeting. Just today, the NYC Municipal Water Finance Authority (NYW) was upgraded to Aa1 from Aa2 by Moody's Investors Service, citing strong management.

The November Financial Plan Update continues to recognize the potential risks ahead, including the likelihood of an economic downturn. The current U.S. expansion has already reached 77 months, exceeding the average 58-month length of post-war expansions.

Click here to read the November Financial Plan update.

Expense Budget Changes

The updated FY2016 budget reflects just $183 million in agency expense changes (offset by new revenue, detailed below). This includes funding for a number of previously announced administration initiatives, including an expansion of composting, as detailed in OneNYC; truck guards for City vehicles, to protect pedestrians, cyclists, and motorcyclists and further Vision Zero; personnel and technology for the Office of Special Enforcement; and the Young Men's Initiative's Male Teacher Recruitment Initiative. Significant changes are as follows:

- $88 million for the Department of Homeless Services (DHS): Earlier this week, Mayor de Blasio announced that over 50,000 individuals have exited shelter since July 1, 2014. With homelessness up 115 percent over the past two decades, the administration has invested over $1 billion in additional funds across the Financial Plan to tackle homelessness, and is committed to supporting homeless individuals in shelter and keeping shelters and their surrounding communities safe. This additional funding for DHS will allow the City to do just that as it continues to work to aggressively address homelessness.

- $24 million for the Department of Correction (DOC): The de Blasio administration continues to implement its 14-Point Plan to address violence at Rikers Island. This new funding will cover implementation of the plan, as well as personal services (as DOC aggressively works to build up headcount) and a case management system.

Reserves and Revenue

The November Financial Plan Update reflects approximately $304 million more in tax and miscellaneous revenue for FY2016 than the Adopted Budget. Yet given the potential risks ahead and the possibility of an economic downturn, the de Blasio administration continues to budget cautiously.

The administration has already boosted reserves to unprecedented levels:

- The General Reserve was increased to $1 billion a year, which will provide the City with much-needed protection in the event of a downturn.

- The Retiree Health Benefit Trust Fund has been increased to $3.3 billion.

- The first-ever Capital Stabilization Reserve sets aside $500 million to protect the City's ability to invest in infrastructure and other capital needs, allow the City to retire debt in a potential downturn, and pay for research to make capital projects more cost efficient.

Out-year gaps remain well below historical averages.

Additionally, as part of this November Financial Plan Update, the administration has prudently prepaid $135 million in FY2017 expenses.

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